



Interim report
2022
Third quarter

Comments from the CEO

In the third quarter of 2022, KMC Properties focused on continuous execution of growth projects in line with our strategy and targets. So far this year, we have completed acquisition of five production properties and announced a transformative property transaction with our tenant BEWI.

Rental income for the third quarter this year ended at NOK 65.7 million, up from NOK 52.7 million for the same quarter last year, and from NOK 64.7 million for the previous quarter. The increase compared to the comparable quarter last year is explained by the additional income from new investment properties. For the first nine months this year, our rental income amounted to NOK 193.1 million, up from NOK 149.9 million for the same period last year.

On the last day of the second quarter, we announced a transformative property transaction with BEWI, including up to 24 properties and one land plot with a gross asset value of up to NOK 2 billion. The portfolio is attractive to us, fitting fully with our investment strategy of solid tenants and long lease agreements. Prior to announcing the agreement, as well as throughout the third quarter, we have worked to complete a technical and legal due diligence of the properties included in the first tranche of the transaction, including the properties in Norway and Sweden. We expect to close this part of the transaction shortly, providing us with a strengthened market position and a new platform for accelerated value creation.

In addition to the BEWI transaction, we completed our acquisition of two production properties in Denmark for DKK 151 million in the quarter, as well as an industrial property in Ålesund on the west coast of Norway for NOK 52 million.

At the end of the third quarter this year, our investment properties were valued at NOK 4 410 million, up from NOK 4 129 million at the end of the previous period and from 4 002 million at the end of 2021. For the period, the increase relates to purchase of new investment properties by NOK 214 million, upgrades of existing properties by NOK 32 million, fair value adjustments of close to negative NOK 2 million, while translation adjustments contribute with NOK 37 million of the increase.

As communicated in the first quarter, we have decided to discontinue our operations in Russia and sell our office building



in Moscow. We have accepted a bid for the property, valuing the building at USD 9 million, and we expect to be able to complete the divestment before the end of this year.

Our development projects continued to show good progress this quarter, including the development of the new packaging hub for BEWI at Jøsnøya, the production facility for Oppdal Spekemat which was completed in October, and the development of the salmon slaughterhouse facility for Slakteriet.

Currently, most markets are characterised by high uncertainty, following the geopolitical tensions and the significant increase in inflation and interest rates across the world. Although this affects KMC Properties' financial expenses through the increased interest rates, we are pleased with the results we deliver and the outlook ahead. In challenging times, we benefit from our firm investment strategy – focusing on solid tenants, long lease agreements and strategic locations. Also, 95 per cent of the company's lease agreements include 100 per cent CPI adjustments, which means we can expect an increased rental income following adjustments.

Summing up, we are pleased with our achievements so far this year. Our key priority the next months is still to secure completion of the BEWI transaction and make sure the properties are well integrated into our portfolio, and at the same time continue to further develop our pipeline of attractive M&A opportunities. We are very well positioned to reach our strategic target of a NOK 8 billion real estate portfolio by the end of 2024.

Trondheim, 26 October 2022

A handwritten signature in green ink that reads "Liv Malvik".

Liv Malvik

Chief executive officer, KMC Properties ASA

About KMC Properties

KMC Properties is an Oslo Børs listed real estate company focusing on industrial- and logistic properties. The company has a diversified portfolio of properties in the Nordics and the Netherlands. The properties are strategically located and have long lease agreements with solid tenants.

KMC Properties is focusing on the high-yield segment. The majority of the company's rental agreements, both existing and potential, are long-term triple net bare house contracts resulting in low operational expenses and a solid operational cash flow. A large share of the company's gross asset value is related to a contractual cash flow. As the properties are at very strategic locations for the tenants, contract extensions are likely and will have a positive value adjustment potential.

The company has an ambitious growth strategy with a solid pipeline of M&A initiatives and development projects. KMC Properties expects its growth to eventually have positive impact on its financial expenses, as a result of expected lower interest margin on interest-bearing debt, further improving the income from property management.

Highlights*

Third quarter of 2022

- Income of NOK 65.7 million (52.7 million) for the third quarter of 2022
- Net income from property management of NOK 27.7 million (19.8 million)
- Invested NOK ~31.7 million in development of existing properties
- Acquisition of two properties in Denmark for DKK ~151 million
- Acquisition of industrial property for NOK 52 million outside Ålesund on the west coast of Norway

Subsequent events

- Progress on process to sell office building in Moscow



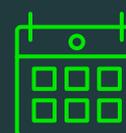
Net yield

6.5%



Portfolio value

~4.4bn



Wault (years)

~9.8



Group net LTV

~51.2%

* Numbers in parenthesis refers to comparable figures for the corresponding period of 2021.

Key figures

The investment in Russia is presented as a discontinued operation and the associated assets and liabilities presented as held for sale in accordance with IFRS 5 as of 30 September 2022. Comparative figures, including key figures, are changed accordingly.

<i>Amounts in NOK million except percentage</i>	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Rental income	65.7	64.7	62.7	55.1	52.7
Change period-on-period	2%	3%	14%	5%	-
Net operating income (NOI)	64.9	64.4	61.7	54.7	52.7
Change period-on-period	1%	4%	13%	4%	-
Net income from property management ¹⁾	27.7	28.2	22.9	21.5	19.8
Change period-on-period	(2%)	23%	7%	9%	-
Profit before tax from continued operations	80.9	96.4	83.3	144.1	120.0
Change period-on-period	(16%)	16%	(42%)	20%	-
Profit from discontinued operations	(31.6)	2.2	(51.7)	(3.9)	1.7
Change period-on-period	(1551%)	(104%)	1211%	(335%)	-
Profit after tax	45.6	75.0	12.1	114.3	99.1
Change period-on-period	(39%)	521%	(89%)	15%	-
Group property portfolio value	4 410	4 129	4 028	4 002	3 705
Net nominal interest bearing debt ¹⁾	2 259	2 075	2 066	2 012	1 860
Group net loan to value (%) ¹⁾	51.2%	50.3%	51.3%	50.3%	50.2%
Net asset value adjusted ²⁾	2 202	2 157	2 003	1 967	1 824
Interest coverage ratio ¹⁾	2.1x	2.1x	2.0x	1.8x	-
Number of shares	284 643 649	284 643 649	284 643 649	281 871 544	279 246 544
Number of properties ²⁾	49	46	46	44	40
Property net yield	6.5%	6.4%	6.4%	6.4%	6.1%
WAULT (years)	9.8	10	10.1	10	10.6
Occupancy rate (%)	100.0%	100.0%	100.0%	100.0%	98.8%
<i>All amounts in NOK per share except percentage</i>	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Net income from property management per share	0.10	0.10	0.08	0.08	0.07
Change period-on-period	(2%)	23%	5%	8%	-
Profit after tax per share	0.16	0.26	0.04	0.41	0.35
Change period-on-period	(39%)	521%	(90%)	14%	-
Net asset value adjusted pr share	7.74	7.58	7.04	6.98	6.53
Change period-on-period	2%	8%	1%	7%	-
Share price end of period ³⁾	7.09	8.26	10.62	10.70	8.22
Change period-on-period	(14%)	(22%)	(1%)	30%	-
Share price ³⁾ / NAV	0.92	1.09	1.51	1.53	1.26
Change period-on-period	(16%)	(28%)	(2%)	22%	-

1) See section concerning "Alternative performance measures" for calculation of the key figure

2) Does not include property in Moscow.

3) Intraday volume-weighted average price (VWAP)

<i>Amounts in NOK million</i>	Annual run rate ¹⁾
Gross rental income	290.1
Property related expenses	(4.2)
Net operating income	285.9
OPEX ²⁾	(34.1)
EBITDA	251.8
Realised financial expenses ³⁾	(136.5)
Net income from property management	115.3

1) Based on final agreements as of period end.

2) Does not include transaction costs and variable remuneration to employees.

3) Based on 3 months Nibor and swap agreements at period end. Does not include interest expenses on revolving credit facility.

Financial review

KMC Properties has, since the company was established through a transformative transaction with Storm Real Estate in December 2020, owned an office building in Moscow, Russia. During the first quarter of 2022, the company decided to discontinue its operations in Russia and sell the building. Hence, the accounting figures for the operations in Russia and its assets and liabilities, for the current and previous periods, are presented separately in the financial results and in the financial position.

Financial results

Rental income

Amounts in NOK million

Rental income previous period	64.7
Income from new investments	2.1
Agio/disagio	(0.0)
Other	(1.1)
Rental income current period	65.7

Rental income for the third quarter of 2022 amounted to NOK 65.7 million, up from NOK 52.7 million for the comparable period in 2021. The change of approximately NOK 1.0 million from the contractual rental income for the previous period is specified in the table above. Additional income from new investments was lower than expected (minus approximately NOK 1.5 million) due to postponed and cancelled upgrade/capex projects in the current portfolio. "Other" is a rental income reduction related to the completed greenfield project at Senja. The reduction is agreed with the tenant due to postponed delivery of the project in the fourth quarter of 2021.

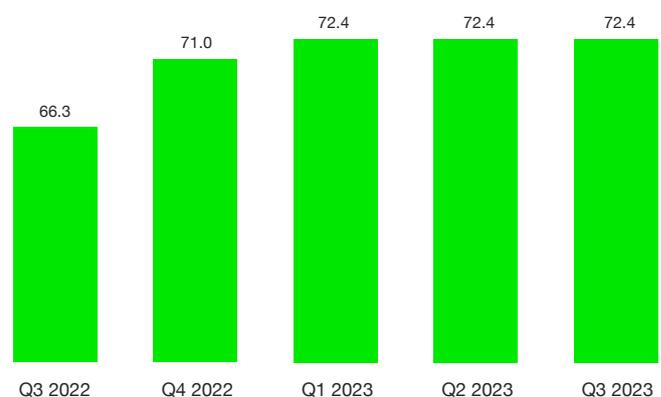
Due to the decision to sell the office building in Moscow, the rental income from Russia (NOK 11.1 million for the third quarter of 2022 and NOK 22.1 for the first three quarters of 2022) is presented under "Profit from discontinued operations".

KMC Properties has invested a total of NOK 45.7 million in upgrades at its property at Leknes. Currently, the company is in the final phase of deciding the rental increase for the tenant related to the upgrades. Until the rental increase is set, KMC

Properties invoices the tenant approximately NOK 0.66 million per quarter. The income is accounted as a financial income.

Contractual rental income development based on final agreements as of period end (includes NOK 0.66 million of income from the property at Leknes each quarter, see description above):

NOK million



Net operating income

Since most of the group's lease agreements are triple net bare house agreements, direct property costs are low. Hence net operating income amounted to NOK 64.9 million for the second quarter compared to NOK 52.7 for the comparable period of 2021. The increase is related to income from new investments and CPI adjustments.

Employee benefit and salary expenses amounted to NOK 4.9 million for the quarter, up from NOK 4.2 million for the third quarter last year. The company has continued to strengthen its organisation during 2022 through three new employees so far this year, reducing the need for hired labour.

Other operating expenses came in at NOK 4.5 million for the third quarter this year, compared to NOK 4.8 million last year. Transaction costs, mainly legal and other advisory fees related to investment and financing activities, amounted to NOK 1.0 million for the third quarter of 2022.

<i>Amounts in NOK million</i>	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Administrative costs	3.5	2.8	11.6	9.5
Transaction costs	1.0	2.0	3.7	29.7
Other operating expenses	4.5	4.8	15.3	39.2

Total operating profit before changes in value ended at NOK 55.5 million for the third quarter of 2022, compared to NOK 43.8 million for the third quarter of 2021.

Net financials

<i>Amounts in NOK million</i>	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Realised financial income	0.8	0.3	2.2	0.3
Interest expenses ¹⁾	(28.7)	(24.3)	(82.7)	(63.9)
Net realised financials	(27.9)	(24.0)	(80.4)	(63.6)
Change in value financial instruments	15.5	4.4	109.4	31.2
Other unrealised financials	20.4	(6.1)	49.7	(34.0)
Net financials	8.0	(25.7)	78.6	(66.4)

1) Includes interest income from financial derivatives. Does not include amortisation of capitalised borrowing cost.

Net realised financials came in at a negative NOK 27.9 million for the quarter, compared to a negative NOK 24.0 million last year. The cost increase relates to higher interest-bearing debt and higher interest rates.

NOK 0.66 million of the financial income for the third quarter of 2022 was interest income on the investment in the property at Leknes, see comment under "Rental income" above.

Net income from property management (see definition under "Alternative Performance Measures") came in at NOK 27.7 million for the quarter, up from NOK 19.8 million for the corresponding period last year.

Tax expense was NOK 3.7 million this quarter, compared to NOK 22.6 million for the third quarter of 2021.

For the first three quarters of 2022, the tax expense amounted to NOK 46.8 million. Of this, NOK 9.4 million is tax payable and the remaining NOK 37.5 million is change in deferred tax. For the same period last year, the tax expense was NOK 51.0 million.

Profit after tax was NOK 45.6 million for the third quarter of 2022 compared to NOK 99.1 million for the third quarter of 2021.

Comprehensive income came in at NOK 32.9 million for the third quarter this year compared to NOK 129.4 million for the same quarter last year.

Financial position and cash flow

Property portfolio

<i>Amounts in NOK million</i>	Q3 2022	YTD 2022
Opening balance	4 129.3	4 001.6
Classified as held for sale	-	(142.6)
Purchase of investment properties	213.6	401.8
Upgrades of investment properties	31.7	84.6
Fair value adjustments	17.4	22.8
Translation adjustment	37.3	61.6
Value at period end before adjustment of right-of-use asset	4 429.2	4 429.9
Adjustment of right-of-use asset	(19.0)	(19.6)
Value at period end	4 410.3	4 410.3

The portfolio is valued by Cushman & Wakefield quarterly. For the third quarter of 2022, the total change in value for the company's investment properties amounted to NOK 280.9 million.

Expansion projects, investments in new facilities, and acquisitions amounted to a total of NOK 245.3 million in the quarter.

In addition, fair value adjustments contributed with negative NOK 1.6 million for the quarter. In addition, fair value adjustments contributed with negative NOK 1.6 million for the quarter. Unrealized value changes were positively affected by new acquisitions, deferred tax deductions in connection with acquisitions and expected increased CPI adjustments to 2023 rents, while a slightly higher required rate of return had a negative effect.

Adjustment of right-of-use asset according to IFRS 16 amounted to NOK 19.0 million which in total gives the NOK 17.4 million change in fair value adjustments in the statement of comprehensive income.

IFRS 16 requires the lease liability and the right-of-use investment property to be presented on a gross basis on the balance sheet. To achieve this presentation, IAS 40 requires the amount of the recognised lease liability, calculated in accordance with IFRS 16, to be added back to the amount determined under the net valuation model, to arrive at the carrying amount of the investment property under the fair value model. This correction is made in the third quarter and the right-of-use asset is presented on its own accounting line.

Translation adjustments contributed with NOK 37.3 million for the quarter and NOK 61.6 for the first three quarters of 2022.

Other assets consist primarily of interest rate and currency rate swap agreements of NOK 178.3 million, other non-current assets of NOK 4.9 million, trade receivables of NOK 0.6 million, other receivables and other current assets of NOK 10.3 million, assets held for sale at 110.0 million as well as NOK 106.8 million in cash.

Total non-current liabilities amounted to NOK 2 717.3 million at the end of the quarter, up from NOK 2 436.3 million at the end of 2021. The liabilities consist of interest-bearing debt of NOK 2 501.9 million, deferred tax liabilities of NOK 177.7 million, land lease liabilities of NOK 17.6 million and other non-current liabilities of NOK 20.3 million.

Total current liabilities amounted to NOK 106.6 million on 30 September 2022, up from NOK 60.9 million at the end of 2021, consisting of short-term interest-bearing debt (construction loan) of 35.3, trade payables of NOK 33.2 million, taxes of NOK 6.8 million, other current liabilities of NOK 24.1 million and liabilities held for sale 11.2 MNOK.

Total equity was NOK 2 024.1 million on 30 September 2022, representing an equity ratio of 41.8 per cent, compared to NOK 1 836.0 million at the end of 2021, equalling an equity ratio of 42.4 per cent.

Consolidated cash flow

Operating activities generated a cash inflow of NOK 71.0 million for the third quarter, compared to NOK 46.4 million for the same quarter last year.

Investment activities generated a cash outflow of NOK 244.5 million for the quarter due to investments in expansion projects, investments in new facilities, and acquisitions of new properties. For the corresponding period of 2021, investment activities amounted to NOK 295.6 million.

Financing activities led to a cash inflow of NOK 143.8 million for the quarter due to increase in interest bearing debt. In 2021, the company had a cash inflow of NOK 379.0 million for the third quarter.

Operational review

KMC Properties ASA is a real estate company focused on owning industrial- and logistics properties. The company owns a diversified portfolio in the Nordics and the Netherlands. The properties have long-term lease agreements with solid counterparties, strategically located for the tenants.

Before 28 December 2020, the company's legal and commercial name was Storm Real Estate ASA (Storm). An agreement was completed on 20 December 2020, combining Storm and KMC Properties AS, and transforming the company (Storm) from a single asset company to a strong real estate group.

History and important events in the development of the group

2020	EVENT
20 December	Completion of agreement to combine Storm Real Estate ASA (later KMC Properties ASA) and KMC Properties AS into one entity
30 December	Storm Real Estate ASA changed its name to KMC Properties ASA and its municipality from Oslo to Trondheim
2021	EVENT
19 February	Completion of subsequent offering related to the NOK 300 million private placement
3 March	Letter of intent with BEWI for development of packaging hub at Hitra
13 April	Acquisition of industrial property in Denmark
27 May	Acquisition of industrial property outside Molde in Norway
27 May	Appointment of Kristoffer Holmen as CFO
2 July	Agreement with Oppdal Spekemat for construction of new production facility
8 July	Long-term lease agreement with BEWI for the new packaging hub at Hitra
12 July	Acquisition of industrial property with long-term lease at Mongstad for NOK 285 million
23 August	Letter of Intent with Slakteriet Holding AS to build NOK 620 million salmon slaughterhouse facility
16 September	Private placement of NOK 300 million successfully completed
28 October	Subsequent offering completed
25 November	Acquisition of modern industrial property at Ågotnes for NOK 128 million
15 December	Acquisition of industrial property in Fredrikstad in Norway for NOK 52 million
2022	EVENT
21 January	Acquisition of herring production facility in Sweden from Klädesholmen Seafood for SEK 94 million
2 February	Acquisition of meat processing facility near Narvik for NOK 100 million
9 February	Process agreement for construction of salmon slaughterhouse facility with Slakteriet, following LOI in August 2021
2 June	
30 June	Announced agreements for development of salmon slaughterhouse facility for Slakteriet, following LOI in August 2021
15 July	Agreement for transformative acquisition of NOK 2.0 billion real estate portfolio from BEWI
15 July	Acquisition of two production properties in Denmark for DKK ~151 million
20 September	Acquisition of industrial property outside Ålesund in Norway for NOK 52 million

Important events in the third quarter of 2022 *Acquisition of industrial property for NOK 52 million outside Ålesund*

On 20 September 2022, KMC Properties announced that it had signed an agreement for the acquisition of an industrial property outside Ålesund on the west coast of Norway for approximately NOK 52 million.

The tenant is Cflow Fish Handling AS (Cflow), a provider of solutions and services for fish handling to wellboats, fishing vessels, delousing and other related services.

The property is composed of a total 13 743 sqm BTA of land and a 3 679 sqm BTA building, which were upgraded in a period to 2006. In addition, the property comes with a quay-area including an 85-metres long deep-water quay of 1 140 sqm.

The property comes with a triple-net bare house agreement with the tenant Cflow including a rental agreement of 14 years and a gross yield of 8.65 per cent.

The transaction was completed on 29 September 2022.

Acquisition of two production properties in Denmark for DKK 151 million

On 15 July 2022, KMC Properties announced that it had entered an agreement to acquire two production properties in Denmark for DKK 151 million with a gross yield of 7.85 per cent. The acquisition was first announced on 19 May 2022.

The properties are composed of a total 85 866 sqm BTA of land and 43 361 sqm BTA of buildings, with further development potential.

The properties come with a triple-net bare house agreement with the two tenants, KpK Døre og Vindue A/S and Outline Vinduer A/S, with an initial lease of 10 years and an option to extend.

The tenants are part of the listed company Inwido, a leading European provider of customised solutions for windows and doors, with net sales of SEK 7.7 billion in 2021.

The transaction was closed on 15 August 2022.

Transformative acquisition of NOK 2.0 billion real estate portfolio from BEWI

On 30 June 2022, KMC Properties announced that the company, through a wholly owned subsidiary, had entered an agreement with BEWI ASA for the acquisition of up to 24 properties and one land plot with a gross asset value of up to approximately NOK 2.0 billion.

The 24 properties and one land plot included in the transaction are composed of a total 244 415 sqm gross area (BTA) of buildings and 999 714 sqm BTA of land, with a gross yield of 6.31 per cent. 19 of the properties was owned by Jackson Holding AS, a company which BEWI completed its acquisition of on 19 October 2022.

KMC Properties is obligated to acquire the Norwegian and Swedish properties comprised by the agreement valued to approximately NOK 970 million, including 12 properties and one land plot, with a gross yield of 6.31 per cent.

A technical and legal due diligence of these properties has been completed during the third quarter and the company expects to complete this part of the transaction shortly.

Upon completion, long term triple net rental agreements, averaging an initial lease of 16.5 years, will be entered into for the properties.

Further, KMC Properties has an exclusive right to acquire the remaining part of the portfolio, including, but not limited to properties in Belgium, Finland, and Denmark, within twelve

months from the agreement was entered. This option is considered to have no material intrinsic value and is therefore not recognized as a financial asset in the consolidated statement of financial position.

As previously communicated, KMC Properties will finance the transaction by a combination of new equity, drawings on existing loan facilities, new committed loans, and cash on balance sheet and from operations. Accordingly, the company is contemplating a private placement of new shares to be conducted to raise gross proceeds in the amount of NOK 350 million, subject to prevailing market conditions. The private placement is fully underwritten by a group of investors including BEWI Invest AS and HAAS AS at a minimum subscription price of NOK 8 per share. For further details, please refer to the stock exchange notice of 30 June 2022.

Development of salmon slaughterhouse facility for Slakteriet

In June 2022, KMC Properties entered a conditional share purchase agreement (SPA) and a conditional lease agreement with Slakteriet for development of the salmon slaughterhouse facility, as previously announced in stock exchange announcement of 23 August 2021 (LOI) and the update of 9 February 2022.

Further, the parties have entered a triple-net bare house lease agreement for the slaughterhouse facility with an initial term of 20 years, with an option for the tenant to extend for 4 times 5 years. The agreements are subject to customary closing conditions and financing.

The development project is progressing according to plan and is expected to be completed during the first half of 2024. Estimated total investment is NOK 682 million, with a yield-on-cost of 6.75 per cent.

Development of a new packaging hub at Jøsnøya for BEWI

In March 2021, KMC Properties entered a letter of intent (LOI) with BEWI ASA for development of a new packaging facility on Jøsnøya, Hitra, on the west coast of Central Norway. In July 2021, the parties entered a conditional long-term lease agreement for the property with an initial term of 15 years, with an option for BEWI to extend the lease term two times by five year each.

The project commenced in May 2022 and BEWI has entered a long-term supply agreement for delivery of fish boxes from the new facility to the listed seafood company MOWI, the world's largest producer of Atlantic salmon.

Completion of the development is expected in the second half of 2023.

Construction of a new production facility for Oppdal Spekemat

In July 2021, KMC Properties entered an agreement with Oppdal Spekemat AS for construction of a new production

facility at Oppdal, in Trøndelag county in central Norway.

The project was completed in October 2022 and Oppdal Spekemat is expected to commence operations at the facility in November 2022, from which a triple-net bare-house agreement, with an initial lease term of 15 years, will start running.

The construction cost is estimated at approximately NOK 85 million with a yield-on-cost of 7.5 per cent.

Impacts from Russia's invasion of Ukraine

Since KMC Properties was established through the combination with Storm Real Estate, the company has had an intention to divest the property in Russia, as it does not fit the company's investment strategy.

Early in 2022, prior to Russia's invasion of Ukraine, the company initiated a sale of the office building in Moscow. As a result, the building and related operations were re-classified as held for sale during the first quarter this year.

The value of the property has been written down during the first nine months of the year due to the effects of Russia's invasion of Ukraine, from NOK 142.5 million on 31 December 2021 to NOK 92.0 million on 30. September 2022.

Other impacts

The significant increase in inflation worldwide and the central bank's reaction to this has resulted in increased interest rates. This is affecting KMC Properties' financial expenses and may affect the valuation of the portfolio. However, KMC Properties has a 50 per cent hedging ratio and is operating in a high yield segment, hence the company has solid foundation for handling this risk. Also, 95 per cent of the company's lease agreements include 100 per cent KPI adjustments, leading to expected increase in the rental income.

Share information

KMC Properties ASA is listed on the Oslo Børs (Oslo Stock Exchange) under the symbol KMCP.

The company has a total of 284 643 649 issued and outstanding shares as of 26 October 2022.

For a continuously updated overview of the company's largest shareholders, see the Investor section at the company's homepage www.kmcp.no

During the third quarter of 2022, the KMC Properties' share was traded between NOK 7.00 and NOK 8.40 per share, with a closing price of NOK 7.10 on 30 September 2022.

The significant increase in inflation worldwide and the central bank's reaction to this has resulted in increased interest rates. This is affecting KMC Properties' financial expenses and may affect the valuation of the portfolio. However, KMC Properties has a 54 per cent hedging ratio and is operating in a high yield segment, hence the company has solid foundation for handling this risk. Also, 95 per cent of the company's lease agreements include 100 per cent KPI adjustments, leading to expected increase in the rental income.

Further, the company is in the process of divesting its office building in Russia. The process is progressing well, and the company believes the sale will be concluded during the fourth quarter of 2022. However, the significant geopolitical tensions related to Russia pose a risk to the process.

For more details, see note 7 below.

Subsequent events

Progress for sale of office building in Moscow

As previously communicated, and mentioned above, KMC Properties is in the process of divesting its office building in Russia.

After a thorough bidding process, KMC Properties has accepted a bid valuing the property at USD 9 million. The company expects the transaction to be completed by the end of the year. However, there is a risk that the sales process will be negatively affected by the significant geopolitical risk in Russia.

Outlook

During the first nine months of 2022, KMC Properties has acquired five industrial properties and entered a transformative agreement with BEWI. The company has grown the value of its investment portfolio from approximately NOK 4.0 billion to NOK 4.4 billion, while at the same time re-classified its office building in Moscow as held for sale.

KMC Properties remains committed to its investment strategy, focusing on properties in Northern Europe with solid tenants in selected industries. In the current challenging macroeconomic climate, with high inflation and increasing interest rates, the company's portfolio of robust tenants provides comfort. Although the higher interest rates will impact the com-

pany's financial expenses, CPI adjustments will improve the rental income, and the growth from committed investments is expected to increase the overall EBITDA yield, utilising the current OPEX-base on a larger portfolio.

The company's key priority the next months is completion of the acquisition of the Norwegian and Swedish properties in the BEWI portfolio, and at the same time further develop the pipeline of M&A opportunities. The board of directors considers KMC Properties to be well positioned to tackle the challenging macro environment and reach the company's target of NOK 8 billion in GAV by the end of 2024.

Trondheim, Norway, 26 October 2022
The board of directors and CEO – KMC Properties ASA

Pål Aglen
Chair

Morten Eivindsson Astrup
Director

Nini Høegh Nergaard
Director

Anna Musiej Aanensen
Director

Stig Wærnes
Director

Marianne Bekken
Director

John Thoresen
Director

Liv Malvik
Chief executive officer

Consolidated statement of comprehensive income

<i>Amounts in NOK thousand</i>	<i>Note</i>	Q3 2022 Unaudited	Q3 2021 Unaudited	YTD 2022 Unaudited	YTD 2021 Unaudited	2021 Audited
Rental income	5	65 707	52 659	193 060	149 884	204 976
Property related expenses	5	(825)	46	(2 118)	(2 170)	(2 545)
Net operating income		64 882	52 705	190 942	147 714	202 431
Salary expenses		(4 883)	(4 147)	(16 529)	(10 354)	(20 567)
Other operating expenses		(4 470)	(4 806)	(15 288)	(39 174)	(43 477)
Operating profit before changes in value		55 529	43 752	159 126	98 186	138 388
Changes in value of investment properties	3	17 422	101 891	22 842	203 916	317 331
Operating profit		72 951	145 643	181 968	302 102	455 719
Changes in value of financial instruments	6	17 695	4 414	117 812	31 263	63 812
Net currency exchange differences		23 385	(924)	56 206	(26 765)	(47 027)
Financial income		787	-	2 224	240	6 553
Financial expenses		(33 899)	(29 168)	(97 662)	(71 089)	(99 243)
Net financials		7 969	(25 678)	78 580	(66 351)	(75 905)
Profit before tax		80 919	119 965	260 548	235 751	379 814
Tax expense		(3 739)	(22 588)	(46 753)	(51 033)	(76 880)
Profit from continued operations		77 180	97 377	213 795	184 718	302 934
Profit from discontinued operations	7	(31 576)	1 681	(81 102)	5 859	1 914
Profit		45 604	99 058	132 693	190 577	304 847
Other Comprehensive Income						
<i>Items that may be reclassified to profit or loss:</i>						
Translation differences for foreign operations		(12 671)	30 381	25 403	(5 512)	(23 818)
Comprehensive income		32 933	129 439	158 096	185 065	281 029
Profit attributable to:						
Equity holders of the company		45 604	99 058	132 693	190 577	304 847
Non-controlling interest		-	-	-	-	-
Total comprehensive income attributable to:						
Equity holders of the company		32 933	129 439	158 096	185 065	281 029
Non-controlling interest		-	-	-	-	-

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Consolidated statement of financial position

<i>Amounts in NOK thousand</i>	<i>Note</i>	30.09.2022 unaudited	30.09.2021 unaudited	31.12.2021 audited
ASSETS				
Non-current assets				
Investment properties	3	4 410 256	3 688 562	3 982 467
Site leaseholds, right-of-use assets		17 472	16 507	19 126
Financial derivatives	6	178 334	39 054	67 721
Other non-current assets	6	14 277	5 038	5 042
Total non-current assets		4 620 339	3 749 219	4 074 355
Current assets				
Trade receivables	6	576	14 774	24 458
Other receivables and other current assets	6	10 323	33 789	26 869
Cash and cash equivalents	6	106 759	276 080	207 512
Assets held for sale	7	110 002	-	-
Total current assets		227 660	324 643	258 839
Total assets		4 848 000	4 073 862	4 333 194
EQUITY AND LIABILITIES				
Equity				
Share capital		56 929	55 849	56 374
Share premium		1 225 469	1 177 195	1 196 023
Translation differences		(8 474)	(15 571)	(33 877)
Retained earnings		750 172	503 235	617 479
Total equity		2 024 096	1 720 709	1 835 999
Non-current liabilities				
Deferred tax liabilities		177 688	103 633	132 002
Interest bearing debt	4, 6	2 501 861	2 161 793	2 275 035
Lease liabilities		17 529	16 507	19 126
Other non-current liabilities	6	20 261	8 582	10 153
Total non-current liabilities		2 717 340	2 290 516	2 436 317
Current liabilities				
Current interest bearing debt	4, 6	35 330	-	-
Trade payables	6	33 213	19 593	23 608
Current tax liabilities	6	2 694	6 646	2 906
Other current liabilities	6	24 134	36 398	34 364
Liabilities held for sale	7	11 194	-	-
Total current liabilities		106 564	62 638	60 878
Total liabilities		2 823 904	2 353 153	2 497 195
Total equity and liabilities		4 848 000	4 073 862	4 333 194

Trondheim, Norway, 26 October 2022
The board of directors and CEO – KMC Properties ASA

Pål Aglen
Chair

Morten Eivindsson Astrup
Director

Nini Høegh Nergaard
Director

Anna Musiej Aanensen
Director

Stig Wærnes
Director

Marianne Bekken
Director

John Thoresen
Director

Liv Malvik
Chief executive officer

Consolidated statement of changes in equity

<i>Amounts in NOK thousand</i>	Share capital	Share premium	Translation reserves	Retained earnings	Total equity
Total equity at 31.12.2020	48 153	892 397	(10 059)	312 631	1 243 122
Issue of Shares	8 221	318 173	-	-	326 394
Transaction cost issue of shares	-	(14 547)	-	-	(14 547)
Profit /(loss) for the period	-	-	-	304 847	304 847
Other comprehensive income (translation reserves)	-	-	(23 818)	-	(23 818)
Total equity at 31.12.2021	56 374	1 196 023	(33 877)	617 478	1 835 999
Issue of Shares	554	29 446	-	-	30 000
Transaction cost issue of shares	-	-	-	-	-
Profit /(loss) for the period	-	-	-	132 693	132 693
Other comprehensive income (translation reserves)	-	-	25 403	-	25 403
Total equity at 30.09.2022	56 929	1 225 469	(8 474)	750 172	2 024 096

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Consolidated statement of cash flows

<i>Amounts in NOK thousand</i>	<i>Note</i>	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Cash flow from operating activities						
Earning before tax		80 919	119 965	260 548	235 751	379 814
Depreciation of tangible assets		128	387	133	1 000	308
Fair value adjustment of investment properties	3	(17 422)	(101 891)	(22 842)	(203 916)	(317 331)
Financial items		(7 969)	25 678	(78 580)	66 351	75 905
Change in working capital:						
- change in trade and other receivables		(2 842)	(1 109)	32 821	23 147	20 001
- change in trade and other payables, excl. corporate tax		19 664	8 738	(626)	(65 019)	(78 689)
Taxes paid		(1 492)	(5 376)	(6 105)	(6 651)	(2 326)
Net cash flow from operating activities		70 987	46 392	185 349	50 664	77 682
Net cash flow from investment activities						
Acquisition of businesses, net of cash acquired		-	(442 446)	-	(442 446)	-
Purchase of investment properties		(213 560)	146 502	(401 772)	(5 003)	(520 082)
Capital expenditure on investment properties		(31 699)	300	(84 617)	300	(140 064)
Interest received		787	-	2 224	-	-
Net cash flow from investment activities		(244 472)	(295 644)	(484 165)	(447 149)	(660 146)
Cash flows from financing activities						
Capital increase from issue of shares		-	300 000	30 000	306 594	326 394
Proceeds interest bearing debt	4	173 489	290 268	238 489	324 948	439 480
Repayment interest bearing debt	4	(4 852)	-	(11 663)	-	(2 790)
New current interest bearing debt		6 753	(172 500)	35 330	-	-
Change in other non-current debt		(2 875)	(6 326)	(10 108)	(1 553)	2 636
Transaction fees paid and other financial costs		(58)	(15 058)	(955)	(17 328)	(14 547)
Interest paid		(28 656)	(17 424)	(82 656)	(64 299)	(86 504)
Net cash flow from financing activities		143 800	378 960	198 436	548 362	664 669
Effects of exchange rate changes on cash and cash equivalents		114	(913)	(373)	(913)	191
Net change in cash and cash equivalents		(29 571)	128 795	(100 753)	150 964	82 396
Cash and cash equivalents at beginning of period		136 331	147 286	207 512	125 116	125 116
Cash and cash equivalents at end of period		106 759	276 080	106 759	276 080	207 512

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Selected notes to the interim financial statements

Note 01 Company information

The KMC Properties ASA Real Estate Group conducts business in Europe. The group's business idea is primarily to acquire and manage commercial industry and logistics properties. The property portfolio is mainly comprising industrial and logistics properties. The holding company, KMC Properties ASA, is a public limited liability company with headquarter in Trondheim, Norway.

The company's shares are listed on the Oslo Stock Exchange under the ticker "KMCP".

For more information, including company related risks, please see the annual report for 2021.

Note 02 Basis of preparation and accounting principles

The results for the period have been prepared in accordance with IAS 34 Interim Financial Reporting. The accounting principles that have been used in the preparation of the interim financial statements are in conformity with the principles used in preparation of the annual financial statements for 2021.

In the beginning of 2022 the group decided to exit the Russian market and initiated an active process to locate a buyer for its

Russian subsidiary owning the company's office building in Moscow. The investment in Russia is consequently presented as a discontinued operation and the associated assets and liabilities presented as held for sale in accordance with IFRS 5 as of 30 September 2022. Comparative figures are changed accordingly. The financial reporting covers KMC Properties ASA and subsidiaries. The interim financial statements have not been audited.

Note 03 Investment properties

The valuation of the properties on 30 September 2022 has been performed by the independent expert valuer, Cushman & Wakefield.

<i>Amounts in NOK million</i>	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Opening balance	4 129.3	3 307.4	4 001.6	3 089.8	3 089.8
Classified as held for sale	-	-	(142.6)	-	-
Purchase of investment properties	213.6	290.9	401.8	362.4	520.1
Upgrades of investment properties	31.7	-	84.6	80.0	140.1
Fair value adjustments	17.4	101.9	22.8	203.9	310.1
Translation adjustment	37.3	4.8	61.6	(31.0)	(58.5)
Value at period end before adjustment of right-of-use asset	4 429.2	3 705.0	4 429.9	3 705.1	4 001.6
Adjustment of right-of-use asset	(19.0)	(16.4)	(19.6)	(16.5)	(19.1)
Value at period end	4 410.3	3 688.6	4 410.3	3 688.6	3 982.5

The sensitivity of the fair-value assessment of investment properties depends to a considerable extent on assumptions related to yield, interest rates, market rents and operating costs for the properties. The table below presents examples of how changes related to each of these variables influenced property values, on

30 September 2022, assuming all other variables remained constant (amounts in NOK million). However, there are interrelationships between these variables, and it is expected that a change in one variable may influence one or more of the other variables.

Variables	Change of variables	Value change (+)	Value change (-)
Exit yield	+/- 0,25 per cent points	(55)	58
Discount rate	+/- 0,25 per cent points	(95)	89
Operating costs	+/- 10 per cent	(11)	11
Market rent	+/- 10 per cent	200	(200)
Average rental growth	+/- 0,5 percentages points next 10 years	150	(145)

The calculations have been performed by Cushman & Wakefield in connection of the valuations at 30 September 2022.

Note 04 Interest bearing debt

Bond loan:

<i>Amounts in NOK million</i>	30.09.2022	30.09.2021	31.12.2021
Opening balance	1 850	1 850	1 850
Net change in debt	-	-	-
Interest-bearing debt at period end	1 850	1 850	1 850
Capitalised borrowing cost	(7)	(13)	(12)
Carrying amount interest-bearing debt*	1 843	1 837	1 838
Fair value of interest bearing debt, excess value/(reduced value) for the group in relation to book value*	(52)	27	43

* Fair value of interest bearing debt, excess value/(reduced value) for the group in relation to book value.

Bank loans:

<i>Amounts in NOK million</i>	30.09.2022	30.09.2021	31.12.2021
Opening balance	495	32	-
Net change in debt	164	293	437
Interest-bearing debt at period end	659	325	437
Capitalised borrowing cost	-	-	-
Carrying amount interest-bearing debt at period end	659	325	437
Additional bank loan obtained before report date	-	-	-
Bank loan at report date	659	325	437

Construction loan:

<i>Amounts in NOK million</i>	30.09.2022	30.09.2021	31.12.2021
Opening balance	29	-	-
Net change in debt	6	-	-
Interest-bearing debt as at period end	35	-	-
Capitalised borrowing cost	-	-	-
Carrying amount interest-bearing debt	35	-	-

Revolving credit facility:

<i>Amounts in NOK million</i>	30.09.2022	30.09.2021	31.12.2021
Opening balance	-	173	-
Net change in debt	-	(173)	-
Interest-bearing debt as at period end	-	-	-
Capitalised borrowing cost	-	-	-
Carrying amount interest-bearing debt	-	-	-

Interest-bearing debt at period end:

	NOK million	Weighted average current interest ¹⁾	Weighted average interest terms	Weighted average amortisation plan bank loans (years)	Weighted average years to final maturity	In compliance with covenants?
Bond loan	1 850	7.04%	3 months NIBOR+4,25%	None	1.2	Yes
Bank loan	659	5.09%	3 months NIBOR+2,30%	22.7	5.4	Yes
Construction loan	34	5.79%	3 months NIBOR+3,00%	None	N/A	Yes
Revolving credit facility	-	5.04%	3 months NIBOR+2,25%	N/A	N/A	Yes
Total	2 543	6.52%	N/A		-	Yes
Swap agreements ²⁾		(1.17%)				
Total including swap agreements		5.35%				

1) 3 months Nibor is set to 2.79% according to the latest determined interest rate on the bond loan.

2) See note 6.

Security bond loan:

<i>Amounts in NOK million</i>	YTD 2022	YTD 2021	2021
Pledged property portfolio	3 029.1	2 943.3	2 943.3
Disposal Account	40.7	-	-
Opening balance security ¹⁾	3 069.8	2 943.3	2 943.3
Investments in pledged property portfolio	165.7	93.0	110.9
Sale of assets in pledged property portfolio	(127.3)	(133.3)	(133.3)
Inflow Disposal Account	127.3	133.3	133.3
Outflow Disposal Account	(152.9)	(63.3)	(92.6)
Fair value and translation adjustments pledged property portfolio ²⁾	6.6	61.1	108.2
Value security end of period	3089.3	3 034.1	3 069.8

1) The bond is secured by, in addition to mortgages over the properties, share charges over the shares of the guarantors, pledges over bank accounts, Norwegian floating charges over trade receivables, and certain other floating charges / enterprise mortgages in Finland, Denmark and Sweden.

2) In accordance with valuation from Cushman & Wakefield at 30 September 2022.

The bond terms governing the bond issue, require that all funds received from sale of pledged properties shall be paid into a bank account blocked and pledged in favour of the bond holders (the "Disposal Account"). Funds from the Disposal Account may be used to finance development of properties in the bond security package. Hence, in accordance with the bond terms, KMC Properties ASA sold KMC Kongsvinger AS, KMC Balsfjord AS and KMC Kvenild AS from KMC Properties AS to KMC Properties IV Norway AS for NOK 127.3 million, on 15 August 2022. The pur-

chase was done using standard terms, and the price was based on Cushman and Wakefield's valuation of the property on 30 June 2022. The purchase price was paid to the Disposal Account and used to buy the two property companies KMC Farsø A/S and KMC Nykøbing Mors A/S for NOK 138.2 million. Additionally Nordic Trustee has released NOK 14.7 million from the Disposal Account to finance the investments in existing properties in the pledged property portfolio.

Note 05 Tenancy agreements

The group mainly enters into long-term lease agreements with solid counterparties, for properties that are strategically located for the tenants. Most lease contracts are "triple-net bare house lease agreements". Lease payments of the contracts include CPI increases.

Net operating income (NOI) from properties:

<i>Amounts in NOK million</i>	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Rental Income Norway	40.8	32.8	123.5	86.7	121.7
Rental Income Sweden	8.7	6.3	25.3	20.0	28.2
Rental Income Denmark	8.2	6.7	20.4	17.8	23.7
Rental Income Holland	6.8	3.9	20.3	20.1	26.8
Rental Income Finland	1.2	3.0	3.5	5.3	4.6
Total Rental income	65.7	52.7	193.1	149.9	205.0
Property related costs	(0.8)	0.0	(2.1)	(2.2)	(2.5)
NOI from properties	64.9	52.7	190.9	147.8	202.4

Summary of significant contracts

There were no significant investments or acquisitions with related parties in the first half of 2022, but a substantial part of rental income is from rental contracts with related parties.

<i>Amounts in NOK million</i>	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
BEWI & subsidiaries	24.7	23.0	74.8	72.5	93.9
Insula & subsidiaries	12.9	11.8	38.5	35.8	47.5
Grøntvedt & subsidiaries	7.8	5.9	22.5	18.8	24.0
PSW Technology	7.8	4.7	23.4	4.7	10.8
Other	12.6	7.3	33.8	18.2	28.8
Total	65.7	52.7	193.1	149.9	205.0

Note 06 Financial instruments

The carrying amount of financial instruments in the group's balance sheet is considered to provide a reasonable expression of their fair value, with the exception of interest-bearing debt. The

fair value of interest-bearing debt is described in note 5. A specification of the group's financial instruments is presented below.

<i>Amounts in NOK million</i>	Amortised cost 30.09.2022	Fair value through profit or loss 30.09.2022	Total 30.09.2022	31.12.2021
Financial assets				
Cash and cash equivalents	106.8	-	106.8	207.5
Land plot lease agreements (financial asset)	17.5	-	17.5	-
Currency and interest swaps (long-term)	-	178.3	178.3	67.7
Trade receivables (non-interest bearing)	0.6	-	0.6	24.5
Other receivables	14.8	-	14.8	14.2
Total financial assets	139.6	178.3	318.0	314.0
Financial liabilities				
Interest-bearing loans and borrowings	2 537.2	-	2 537.2	2 275.0
Land plot lease agreements (financial liability)	17.5	-	17.5	19.1
Other financial liabilities	17.3	-	17.3	9.4
Trade payables (non-interest bearing)	33.2	-	33.2	23.6
Other current liabilities (non-interest bearing)	32.6	-	32.6	38.0
Total financial liabilities	2 637.8	-	2 637.8	2 365.1
Net financial assets and liabilities	(2 498.2)	178.3	(2 319.9)	(2 051.1)

Interest bearing loans

<i>Amounts in NOK million</i>	30.09.2022	31.12.2021
Bond	1 850.0	1 850.0
Bank loan	659.0	436.7
Construction loan (short-term)	35.3	-
RCF (short-term)	-	-
Total interest-bearing loans	2 544.3	2 286.7
Hedged amount (fixed interest)	1 275.0	1 240.0
Hedge ratio	50%	54%

Swap agreements at period end

Swap agreement	Currency amount (million)	Start date	Maturity date	Fixed currency rate	Fixed interest
Interest & currency	NOK 335	23.12.2020	11.12.2023	EUR/NOK = 10.630	EURIBOR = -0.51%
Interest & currency	NOK 240	23.12.2020	11.12.2023	SEK/NOK = 1.050	STIBOR = 0.017%
Interest & currency	NOK 165	23.12.2020	11.12.2023	DKK/NOK = 1.428	DANISH IBOR = -0.505%
Interest	NOK 500	13.07.2021	31.12.2030	Not applicable	NIBOR = 1.5175%
Interest	EUR 32	11.12.2023	13.12.2027	Not applicable	EURIBOR = -0.03%
Interest	SEK 120	11.12.2023	13.12.2027	Not applicable	STIBOR = 0,686%
Interest	DKK 120	11.12.2023	13.12.2027	Not applicable	DANISH IBOR = 0.215%
Interest	NOK 35	10.02.2022	10.02.2027	Not applicable	NIBOR = 2.305%

The table below shows an analysis of fair values of financial instruments in the Statement of Financial Position at 30.09.2022, grouped by level in the fair value hierarchy:

- **Level 1** - Quoted prices in active markets that the entity can access at the measurement date.
- **Level 2** - Use of a model with inputs other than level 1 that are directly or indirectly observable market data.
- **Level 3** - Use of a model with inputs that are not based on observable market data.

Financial assets measured at fair value:

<i>Amounts in NOK million</i>	Level 1	Level 2	Level 3	Sum
Currency and interest swaps	-	178.3	-	178.3
Sum financial assets measured at fair value	-	178.3	-	178.3

Note 07 Discontinued operation

In the first half of 2022 the company decided to exit the Russian market and initiated a sale of its Russian subsidiary owning the company's office building in Moscow. The investment in Russia is consequently presented as a discontinued operation and the associated assets and liabilities presented as held for sale in accordance with IFRS 5 as of 30 September 2022. Sanctions imposed on the operations in Russia may lead to further impairment of the group's assets in Russia.

The office building in Moscow was valued at approximately NOK 92.0 million at the end of September 2022, down from approximately NOK 142.5 million at the end of 2021. The valuation is based on results from the current sales process. After a thorough bidding process, KMC Properties has accepted a bid valuing the property at USD 9 million. The company expects the transaction to be completed by the end of the year. However, there is a risk that the sales process will be negatively affected by the significant geopolitical risk in Russia.

Discontinued operation

<i>Amounts in NOK thousand</i>	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Total income	11 111	4 695	22 133	14 582	21 169
Total operating expenses	(7 467)	(2 777)	(14 784)	(7 736)	(11 714)
Operating profit (loss) before fair value adjustments	3 644	1 918	7 349	6 846	9 455
Change in fair value adjustments on investment property	(35 405)	-	(88 107)	-	(7 184)
Total operating profit (loss)	(31 761)	1 918	(80 758)	6 846	2 271
Net financial income (expense)	156	44	253	42	186
Earnings before tax (EBT)	(31 605)	1 962	(80 505)	6 888	2 457
Tax expense	(29)	(253)	597	(281)	(543)
Profit from discontinued operation	(31 634)	1 709	(79 908)	6 607	1 914
Cash flow from operating activities	3 654	1 889	8 650	4 126	7 983
Cash flow from investing activities	86	29	74	47	227
Cash flow from financing activities	(632)	-	(2 489)	(1 144)	(8 756)
Net change in cash and cash equivalents	3 108	1 918	6 235	3 029	(546)

Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation at 30 September 2022.

Assets classified as held for sale

<i>Amounts in NOK thousand</i>	30.09.2022	30.06.2022	31.03.2022
Investment property	92 027	135 767	75 363
Other long-term assets	29	35	28
Trade receivables	3 367	3 356	2 226
Other receivables, prepaid expenses, and tax	4 944	4 324	2 798
Cash and cash equivalents	9 635	7 885	3 288
Total assets of disposal group held for sale	110 002	151 367	83 703

Liabilities directly associated with assets classified as held for sale

<i>Amounts in NOK thousand</i>	30.09.2022	30.06.2022	31.03.2022
Other long-term liabilities	300	313	512
Trade payables	123	129	51
Other current liabilities	10 771	11 013	6 108
Total liabilities of disposal group held for sale	11 194	11 455	6 671

Note 08 Related party transactions

The tenant BEWI and Insula are regarded as related parties by their ownership in KMC Properties ASA through BEWI Invest AS and Kverva Industrier AS. Reference is made to note 5 Tenancy agreements for detailed information.

KMC Properties ASA has in the first three quarters of 2022 purchased services for NOK 1.7 million from BEWI related companies, mainly cost of interim hiring of employees (NOK 0.6 million) and office rent (NOK 1.1 million) which is an entirely forwarded cost.

Alternative Performance Measures

KMC Properties ASA's financial information is prepared in accordance with the international financial reporting standards (IFRS). In addition, the company reports alternative performance measures (APMs) that are regularly reviewed by management to enhance the understanding of the company's performance as a supplement, but not as a substitute, to the financial statements prepared in accordance with IFRS. Financial APMs are intended to enhance

comparability of the results and cash flows from period to period. The financial APMs reported by KMC Properties ASA are the APMs that, in management's view, provide relevant supplemental information of the company's financial position and performance. Operational measures such as, but not limited to, occupancy and WAULT are not defined as financial APMs according to ESMA's guidelines.

Net Asset Value adjusted (NAV adjusted)

<i>Amounts in NOK million</i>	30.09.2022	30.09.2021	31.12.2021
Total equity	2 024	1 721	1 836
Deferred tax liabilities	178	104	132
Net asset value (NAV)	2 202	1 824	1 968

Debt ratio – group net LTV

<i>Amounts in NOK million</i>	30.09.2022	30.09.2021	31.12.2021
Interest Bearing Debt (Bond, nominal value)	1 850	1 850	1 850
Bank loan	659	325	437
Loans from Credit Institutions (Construction loan and RCF)	35	-	-
Cash and cash equivalents	(107)	(276)	(208)
Mark-to-market hedge adjustment	(178)	(39)	(68)
Net Interest-Bearing Debt	2 259	1 860	2 012
Investment Property (Market Value)	4 410	3 705	4 002
Group Net LTV	51.2%	50.2%	50.3%

Net income from property management

<i>Amounts in NOK million</i>	Q3 2022	Q3 2021	YTD Q3 2022	YTD Q3 2021
Operating profit (loss) before fair value adjustments	55.5	43.8	159.1	54.4
Net realised financials	(27.9)	(24.0)	(80.4)	(63.6)
Net income from property management	27.7	19.8	78.7	(9.2)

EBITDA

<i>Amounts in NOK million</i>	Q3 2022	Q3 2021	YTD Q3 2022	YTD Q3 2021
Operating profit before changes in value	55.5	43.8	159.1	98.2
Depreciation	0.1	0.4	0.1	1.0
EBITDA	55.7	44.1	159.3	99.2

Interest Cover Ratio (ICR)

<i>Amounts in NOK million</i>	12 M - Q3 2022	12M - Q2 2022	12M - Q1 2022	12M - Q4 2021
LTM EBITDA excl fair value adjustment	210	197	173	147
Net Interest Cost	99	95	88	82
ICR excl fair value adjustment	2.1x	2.1x	2.0x	1.8x
Covenant	1.5x	1.5x	1.5x	1.5x
Headroom	0.6x	0.6x	0.5x	0.3x

According to the Bond terms KMC Properties ASA shall ensure that the Group maintains an Interest Cover Ratio of not less than 1.5x.

Definitions

Bonds, or the Bond Issue	NOK 1,850 million senior secured bond with 3 years tenor issued on 11 December 2020
Cushman & Wakefield	Cushman & Wakefield Realkapital, Kronprinsesse Märthas plass 1, 0125 Oslo, Norway
Gross Rental Income (GRI)	Equals Total Income
Independent valuer	Cushman & Wakefield
Interest Cover Ratio (ICR)	The ratio of EBITDA to Net Interest Cost
Loan-to-Value (LTV)	Total net nominal value of interest-bearing debt divided by the total market value of the property portfolio.
Market value of portfolio	The market value of all properties owned by the parent company and subsidiaries.
Net Asset Value, adjusted (NAV)	NAV from an ordinary long-term operational perspective of the business. Based on total equity in the balance sheet, adjustments are made for the carrying amount of deferred tax
NOK	The Norwegian Krone, the official currency of Norway
Occupancy rate (%)	Leased Lettable area (sqm) / Total Lettable area (sqm)
OPEX	Operating expense, measured by total operating expenses – depreciation
Property related expenses	Property-related expenses include administrative costs related to the management of the properties as well as operating and maintenance costs.
SWAP	A swap is an agreement between two parties to exchange sequences of cash flows for a set period of time
WAULT	Weighted Average Unexpired Lease Term measured as the remaining contractual rent amounts of the current lease contracts of the investment properties of the group, including areas that have been re-let and signed new contracts, adjusted for termination rights and excluding any renewal options, divided by contractual rent, including renewed and signed new contracts.



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